



**Date:** July 31, 2008

**To:** City Manager for Council Action  
Executive Director for Redevelopment Agency Action

**From:** Housing & Community Services Division Manager

**Subject:** Loan Agreement for Casa Del Maestro Apartments Phase II Project (3445-3465 Lochinvar Avenue) between the Redevelopment Agency and Santa Clara Unified School District and City and Agency Resolutions Finding Benefit by the use of the Affordable Housing Set-Aside Fund

**EXECUTIVE SUMMARY:**

A Loan Agreement and City/Agency Resolutions, prepared by Agency special legal counsel, have been executed by the Santa Clara Unified School District for an affordable housing development loan of \$1,920,933 to construct the Casa Del Maestro Apartments Phase II Project. The Project is a 30-unit apartment facility, located on District land at 3445-3465 Lochinvar Avenue, that will provide affordable housing for District personnel. According to the terms of the Loan Agreement, the Agency Loan will be used for construction financing in return for restricting twenty apartments as affordable to low-income households at an affordable rent. The restriction shall apply for 55 years. Resolutions making findings of benefit to the Redevelopment Project Area, as required for provision of Agency funding commitment to the project, have been prepared for Council and Agency approval.

The Loan Agreement will be available in the Council Office for review.

**ADVANTAGES AND DISADVANTAGES OF ISSUE:**

The Agency's funding assistance will assure the long-term affordability of twenty apartments for low-income households. The Agency's financial support for the project provides a secondary benefit to the community's schools by making local housing available for teachers.

**ECONOMIC/FISCAL IMPACT:**

Fiscal year 2008/09 total funding appropriation for this project is \$1,920,933 (account 910-5545-80XXX-9171) from the Agency Affordable Housing Set-Aside Fund. The recommendation will commit the full funding appropriation.

**RECOMMENDATION:**

That the Council and Agency adopt their respective Resolution making findings of benefit by this use of the Affordable Housing Set-Aside Fund, and that the Agency approve the Loan Agreement for Casa Del Maestro Apartments Phase II Project (3445-3465 Lochinvar Avenue) with the Santa Clara Unified School District and authorize its execution by the Executive Director.

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Resolutions Finding Benefit to the City and Agency  
Date: July 31, 2008  
Page: 2 of 2

Certified as to Availability of Funds:  
910-5545-80XXX-9171 \$ 1,920,933.00

on  
file


  
Jeffrey B. Pedersen  
Housing & Community Services Division Manager

  
Mary Ann Parrot  
Agency Treasurer

APPROVED:

APPROVED:

  
  
Kevin L. Riley  
Director of Planning & Inspection

  
Jennifer Sparacino  
City Manager  
Agency Executive Director

**Documents Related to this Report:**

- 1) **City/Agency Resolutions Making Findings with Respect to the Loan Agreement with SCUSD;**
- 2) **Loan Agreement for Casa Del Maestro Apartment Project between Agency and SCUSD**

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**RESOLUTION NO. \_\_\_\_\_(RA)**

**A RESOLUTION OF THE AGENCY BOARD OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, CALIFORNIA, APPROVING THE LOAN AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AND THE SANTA CLARA UNIFIED SCHOOL DISTRICT PROVIDING FOR THE DEVELOPMENT OF 20 AFFORDABLE RENTAL HOUSING UNITS WHICH WILL BE AFFORDABLE TO LOW INCOME HOUSEHOLDS; AND MAKING CERTAIN FINDINGS WITH RESPECT TO THE LOAN AGREEMENT**

**BE IT RESOLVED BY THE AGENCY BOARD OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, AS FOLLOWS:**

**WHEREAS**, the City Council of the City of Santa Clara has heretofore adopted the Redevelopment Plan for the Bayshore North Redevelopment Project on December 28, 1973 by Ordinance No. 1283 (the "Redevelopment Plan"); and

**WHEREAS**, pursuant to Sections 33334.2(a) and 33334.6(c) of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) not less than 20% of all taxes which are allocated to the Redevelopment Agency of the City of Santa Clara ("Agency") are set aside by the Agency in a Low and Moderate Income Housing Fund and used by the Agency for the purpose of increasing, improving and preserving the community's supply of low and moderate housing available at affordable housing costs to persons and families of low and moderate income, including low income persons; and

**WHEREAS**, pursuant to Section 33334.2(e) of the Community Redevelopment Law, the Agency may exercise any and all of its powers to carry out this purpose; and

**WHEREAS**, pursuant to Section 33334.6(a) of the Community Redevelopment Law, the California State Legislature has found and declared that the provision of affordable housing outside of

redevelopment project areas can be of direct benefit to those projects in assisting the accomplishment of project objectives; and

**WHEREAS**, pursuant to Section 33334.2(g) of the Community Redevelopment Law, the Agency may use monies in the Low and Moderate Income Housing Fund to assist in the provision of housing for low income households outside the Redevelopment Project area upon resolution of the City Council and the Agency that such use will be of benefit to the Redevelopment Project; and

**WHEREAS**, the Santa Clara Unified School District (the "District") has requested the assistance of the Agency in paying a portion of the development costs for the construction of 30 units of rental housing in the City of Santa Clara outside the Redevelopment Project, 20 of which units are to be occupied by and affordable to low income households, and known as the Casa Del Maestro Apartments, Phase II (the "Project"); and

**WHEREAS**, the District and Agency have negotiated a proposed Loan Agreement (the Agreement"); and

**WHEREAS**, the Agency has determined that sufficient funds are available in the Low and Moderate Income Housing Fund to provide financial assistance to the Project as described in the Agreement; and

**WHEREAS**, this Agency Board has duly considered all of the terms and conditions of the proposed Agreement and believes that the proposed Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local laws and requirements.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE AGENCY BOARD OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, AS FOLLOWS:**

1. That the Agency finds that the foregoing recitals are true and correct.

2. That the Agency hereby finds and determines that the use of monies in the Low and Moderate Income Housing Fund pursuant to the Agreement will provide housing opportunities for low income persons.

3. That the Agency finds and determines, based on the information set forth in Attachment No. 1 to this Resolution, which is incorporated herein by this reference, that the use of monies in the Low and Moderate Income Housing Fund as authorized by this Resolution will be of benefit to the Redevelopment Project.

4. That the Agreement, including all attachments and exhibits thereto, is hereby approved.

5. That the Agency hereby authorizes the use of monies in the Low and Moderate Income Housing Fund from the Redevelopment Project to pay a portion of the cost of developing the Project, as provided in the Agreement.

6. That the Executive Director of the Agency or his or her designee is hereby authorized, on behalf of the Agency, to sign the Agreement, and to make such changes to the Agreement of a nonsubstantive nature as the Executive Director of the Agency or his or her designee shall deem appropriate.

7. That the Executive Director of the Agency or his or her designee is hereby authorized, on behalf of the Agency, to sign all documents necessary and appropriate to carry out and implement the Agreement, and to administer the Agency's obligations, responsibilities and duties to be performed under said documents.

8. Constitutionality, Severability. If any section, subsection, sentence, clause, phrase, or word of this Resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the Resolution. The Agency Board of the Redevelopment Agency of the City of Santa Clara hereby

3. That the City Council finds and determines, based on the information set forth in Attachment No. 1 to this Resolution, which is incorporated herein by this reference, that the use of monies in the Low and Moderate Income Housing Fund as authorized by this Resolution will be of benefit to the Redevelopment Project.

4. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City Council of the City of Santa Clara hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

5. Effective Date. This Resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2008, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: \_\_\_\_\_  
ROD DIRIDON, JR.  
CITY CLERK  
CITY OF SANTA CLARA

Attachment Incorporated by Reference

1. Benefit to the Redevelopment Project Area

## ATTACHMENT NO. 1

### Benefit to the Redevelopment Project Area

The use of monies from the Low and Moderate Income Housing Fund of the Bayshore North Redevelopment Project (the "Redevelopment Project") for the partial financing and development of twenty (20) affordable rental dwelling units in the Project will be of benefit to the Redevelopment Project, as follows:

The Redevelopment Plan for the Bayshore North Redevelopment Project restricts the land uses in the Redevelopment Project Area to non-residential uses. Accordingly, there are no opportunities to develop affordable housing in the Bayshore North Project. In Section 33334.6 of the California Health and Safety Code, the State Legislature has found and declared that the provision and improvement of affordable housing outside of the redevelopment areas can be of direct benefit to those projects in assisting the accomplishment of the project objectives whether or not those redevelopment projects provide for housing within the project area. By providing affordable housing for low income households in the City of Santa Clara, the Project will benefit the Redevelopment Project by providing affordable housing for a segment of the population of the City of Santa Clara in need of affordable housing, and by providing and enhancing the physical, economic and social conditions needed to prevent the recurrence of blight in the Redevelopment Project and elsewhere in the City of Santa Clara.